

CLASSIFICATION ~~SECRET~~  
Approved For Release 1999/09/09 : CIA-RDP82-00457R0002400340004-8  
CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

CD NO.

COUNTRY Austria/USSR

SUBJECT Miscellaneous Notes on

Document No. 2000

NO CHANGE in Class.

DECLASSIFIED

CLASS. CHANGED TO: TS S G

DIA Memo, 4 Apr 77

Auth: DIA REG. 77/1783

Date: 11/05/78 By: 029

25X1A6

September 1948

DATE DISTR. 2 - ar 1949

NO. OF PAGES 4

NO. OF ENCLS.  
(LISTED BELOW)SUPPLEMENT  
REPORT NO.PLACE  
ACQUIRED

DATE OF INFO

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letter of 10 October 1948 from the  
Director of Central Intelligence to the  
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Text Review Date: 2008

Following is a collection of unrelated items on USIA activities covering a period of several months. Each item is separately dated and evaluated.

September 1948

1. The Commercial Bureau of USIA requested quotations on 9,500 ball bearings from the Swiss export firm of Albert Geser Ltd., St. Gallen, Switzerland. The quotation on bearings, manufactured by SKF Goeteborg and VWF Schweinfurt, was 338,000 Swiss francs; individual prices ranged from 19 francs each for number 30308 bearings, to 82 francs for stock number 30316. Delivery of the entire order was guaranteed within sixty days, and payment was to be made by means of an irrevocable credit established with the Schweizerische Kreditanstalt, Zurich, in Swiss francs or dollars. The prices quoted were too high, however, and USIA did not accept the offer.

4 November 1948

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2. Sometime during the latter part of October 1948, the Czechoslovak Central Iron and Steel Administration offered the Central Administration of Soviet Oil Companies in Austria (CASOCA) \$600,000 worth of extruded pipe, which is allegedly of Bizonia origin. The material is to be delivered to CASOCA shortly, and compensation scrap iron, figured at \$26. per metric ton, will be sent to Czechoslovakia for resale in Switzerland. The remaining amount not paid in scrap iron was paid to an unnamed Swiss financial firm. (Field Comment: Since [redacted] for purchasing pipe on a larger scale

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3. In the middle of September, Engr. APPEL of the USIA-controlled Siemens-Schuckert Engerthstrasse plant approached Director ZEHETNER of Siemens-Schuckert Nibelungengasse in an attempt to obtain large supplies of lacquered silk bands (Lackseidenbänder), oiled linen (Ölleinen), enamel varnish wire (Emaillackdraht), and other materials needed for Engerthstrasse production from the Nibelungengasse plant's ERP allotments. Director ZEHETNER refused to negotiate.

18 November 1948

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4. Osram, USIA-controlled light bulb factory in Vienna-Atzgersdorf, has been completely renovated and is operating according to ~~normal production~~ ~~methods~~. The factory has been cleaned, production lines reorganized, and new lighting installed. Large numbers of Soviet citizens are employed at the plant as foremen, technicians, and senior office personnel. Many of the Soviet employees are in Austria as industrial instructors or students. The Atzgersdorf factory receives large shipments of vapor light tubes (Licht-roehre) from the Osram plant in Western Germany and exports the tubes to the Balkans or the Orient for hard currency. ~~how the ship-~~ ~~ments are made from Germany or how payment is made.~~ 25X1X6

5. There has been a steady exchange of personnel between Siemens-Schuckert, Engerthstrasse plant, and Magyar Siemens-Schuckert, Muvek, Budapest VI, Terez Korut 36, which has its factory at Budapest X, Gyomroi ut. 128. Director TUPY and Director SCHURIN, both of Engerthstrasse, have traveled to the Budapest plant several times recently.

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6. On 17 November 1948, two power shovels which had been overhauled and repaired by Bahnbedarf on orders from the Construction Division of USIA were shipped by Juschweschtrans to ~~Germany~~ ~~USSR~~. Both were caterpillar excavators; one was manufactured by Ohrenstein Kappel, Type D, No. 860, 1/2 cubic meter shovel capacity, weight 30 tons, and powered by a 95 hp engine; the other was manufactured by DEMAG, Type E 30, No. 407, 1/2 cubic meter shovel capacity, weight 30 tons, and powered by a 95 hp engine. Four additional excavators, or shovels, were reported scheduled for repairs at Bahnbedarf by ~~these shovels is~~

21 November 1948

- (C-3) 7. On 19 November 1948, two workers at Bahnbedarf, Josef NICKA, a shop councillor, and Roman GROSS, the cultural adviser (Kulturreferent), both described as ardent Communists, approached the Austrian director of the firm, also a Communist, and threatened a strike unless something were done to alleviate "unbearable working conditions created by repeated demands to increase production and cut prices, and by the ever-present threats of dismissal". ~~represents a change in the labor situation at Bahnbedarf.~~ ~~morale was good and dismissals infrequent.~~ Robert ROSSAK as mediator in this dispute. ROSSAK is a Moscow-trained Austrian Communist who acts as a liaison man between USIA and workers employed by USIA-controlled firms. ROSSAK called a meeting and NICKA, as spokesman for the workers, accused the management of under-paying the workers, treating them as slaves, continuously threatening to discharge them as saboteurs, and creating working conditions "worse than under a Fascist government." ROSSAK thereupon accused both NICKA and GROSS of harboring anti-Russian sentiments and told them that they could no longer consider themselves Communists, but "American serfs." Both NICKA and GROSS were visibly shocked by these accusations and dropped their complaints against the management. GROSS is to be discharged as unreliable and NICKA will be kept under close observation by the management. ~~The ultimate reason for the disturbance at Bahnbedarf is TIKHOMIROV's insistence that the only way for USIA to combat the Marshall Plan in Austria is for USIA plants to produce high quality goods faster and more cheaply than the Americans can deliver.~~ TIKHOMIROV, deputy director of USIA, has ordered all plant

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(F-3) 8. During November 1948, M. Voith in St. Poelten has been attempting to sell rayon machinery, which according to a recent report is obsolete and could not be used by any modern rayon plant. Prices are higher than for more modern American machinery, and each machine is able to produce only 150 kilograms of 150 denier yarn per day. These machines are being manufactured at the old Messerschmitt works at Obergrafendorf, Lower Austria, and not at J. M. Voith, in St. Poelten.

24 November 1948

(F-3) 9. Waagner-Biro, USIA-controlled machine construction firm in Stadlau, appears to be neglected by the USIA administration. The Communist plant manager RADFUSS, the chief of production, and the sales manager RITTER, also a Communist, are all unqualified and inefficient. The main difficulty seems to be in poor price estimates which make competitive bidding impossible. Although the Soviets recognize the plant's inefficiency, they are not making any effort to remedy the situation.

Waagner-Biro's only important remaining contract is the Austrian Federal Railroads (Bundesbahn). According to a recent report, the bridge rebuilding section of the Bundesbahn, the railroad is working with Waagner-Biro despite high prices, because the firm is under Communist control and, indirectly, Soviet pressure to do so. The firm approves steel construction contracts for the railroads.

The Graz Branch of Waagner-Biro is administered by the firm's headquarters in Vienna I, Margarethenstrasse, and is owned to a large extent by the Laenderbank. The Vienna headquarters of Waagner-Biro has no connection with the USIA-controlled Stadlau plant.

24 November 1949

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(F-2) 10. Despite constant Soviet pressure, work on the winches ordered by USIA from Stadlau plant is progressing slowly. Stadlau plant has submitted a detailed report on construction of these winches. Recent reports confirm his previous report that the total number ordered from all USIA firms is 4,000. Wiener-Brueckenbau has a quota of four per day. Ball bearings are still the stumbling block, because final approval for use of bushings has not come from Moscow. KUBIN, purchasing agent for Wiener-Brueckenbau, has been negotiating for ball bearings in Switzerland with little success. Wiener-Brueckenbau has so far delivered seven winches and has nineteen ready; the other firms working on the order are progressing at the same speed.

4 September 1948

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(F-3) 11. Following are some examples of what is apparently a new trend in USIA. There seems to be a tendency to dispose of certain important USIA firms either through sale to the former owners or by turning the firms over to worker cooperatives (Arbeitsgemeinschaften). It is pointed out that he considers this information important.

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- ✓ Gross-Siechardt
- a. USIA has started negotiations with the former owners of two USIA firms, Paul RUPPIN, (a small foundry) at Gross-Siechardt and the Richter Knitting factory, Waidhofen an der Thaya, for the purpose of selling these firms to their former owners who were Germans but had resided more than twenty years in Austria. Red USA -
- b. It has been reported that the Schremser Granitwerke Koehler & Co., formerly a USIA concern, had been given to a worker cooperative. The cooperative pays a monthly token rent (Anerkennungszins) to USIA.

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